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# The Rise and Fall of Strategic Planning (Book Review).

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much out, except for short-term results from a small sample of firms. Of the eight organizations featured in this book as examples of Intelligent Enterprises, five were listed U.S. corporations (American Express, Apple, Federal Express, Intel, and Nike), two were divisions of corporations (parts of AT&T and General Mills), and Sony is based in Japan. Comparing these firms to other "Global 1,000" corporations for the year to May 31, 1993 ("The Business", 1993) indicates mixed results. The five U.S. corporations performed better than their peers when judged by growth in stock price over the year, were at the average for return on equity, but were below average for price/book value and P/E ratio. AT&T had excellent results for that period, and General Mills had mixed results, but these are less significant as only single divisions were showcased by Quinn. Sony lagged its Japanese peers by far in a year that Japanese market returns were far below those in the U.S. (ignoring exchange rate effects). So, like other intriguing theories, the Intelligent Enterprise will have to stand the test of time before it gains wide acceptance.

#### References

- The Business Week Global 1000. (1993, July 12). *Business Week*, pp. 70, 77, 82-84, 87, 89.  
 Quinn, J. B. (1977). Strategic goals: Process and politics. *Sloan Management Review*, 19 (1), 21-37.

*The Rise and Fall of Strategic Planning* by Henry Mintzberg. New York: The Free Press, 1994, 458 pp., \$29.95, cloth [ISBN: 0-02-921605-2].

Reviewed by *William A. Sodeman*, University of Southern Indiana

While many authors and researchers have addressed the field of strategic management, few have participated in its overall development and evolution as Henry Mintzberg has. *The Rise and Fall of Strategic Planning* is in many ways a *tour de force*, in which Mintzberg analyzes, synthesizes, and critiques much of the core theory and important research in strategic planning and strategic management and presents his own approach to the task of strategy formation.

The first chapter covers some basic definitions of planning that have been presented over the last century. Mintzberg also discusses the design school model of strategy formation that he introduced several years ago. This model integrates several important components of strategic management analysis and theory, including SWOT analysis, key success factors, distinctive competence, and social responsibility.

Chapter 2 is a summary discussion of several strategic planning models. Mintzberg's comment that strategy formation was omitted from early strategic

planning models points out a deficiency in strategic management research. Scholars typically rely on the development of generic strategies as an overall guide to the strategy formation process. Good strategy cannot emerge on its own from a series of committee meetings; it must be crafted with the clear intent of strengthening the company's competitive position.

Many of the inherent problems in strategic planning arise from the widespread use of planning-programming-budgeting systems (PPBS). Chapter 3 focuses on the perceived and actual benefits of strategic planning under these systems. A typical PPBS combines core functions of strategic planning into a single and highly complex system. The strategy model proposed by Ansoff (1965) and the planning systems adopted by the United States Government are appropriate examples of the integrated systems that Mintzberg finds lacking.

In Chapter 3, the author directs his attention to the inflexibility of several different strategic planning approaches. Many of the problems and failures that corporations encountered in the 1960s can be linked to the failure of those companies to adapt to changing external environments.

One particular area of concern is that Mintzberg briefly summarizes and dismisses Freeman's (1984) approach to stakeholder management as a means of addressing the concerns of the organization's various constituent groups. Mintzberg believes that stakeholder analysis is not a helpful approach because this process can create new conflicts or make current conflicts worse. This concern is, in some ways, contradictory to the inclusion of social responsibility and values in the design school model. Conflicts are an inevitable part of strategic decision making, regardless of whether values are considered. Stakeholder analysis, as described by Freeman and other authors, can be a valuable means of proactively addressing sensitive issues, thus avoiding the redirection of corporate resources to the more time-consuming process of developing and implementing an approach based upon reaction and defense.

Mintzberg reserves Chapters 4 and 5 for an in-depth discussion of the drawbacks of PPBS-oriented strategic planning. One interesting section focuses on Frederick Taylor and scientific management. The author demonstrates how strategic planners could have applied the principles of scientific management to the planning task, not to improve planning but to discover the difficulty and ultimate futility inherent in the PPBS approach to strategy formation.

The primary fallacy of strategic planning lies in the formalized nature of the planning process. A rigid approach including information collection, forecasting, and analysis cannot serve as a substitute for synthesis and strategy formation. The final chapter describes the ideal roles of planners in the strategic planning process. Mintzberg recasts strategic planning as strategic programming, wherein strategic planners help to facilitate top management's discussions and strategic decision-making. The strategic planning staff should act as a catalyst for organizational change and strategic renewal, not as a formalized barrier to effective strategy formation.

This book can serve as an excellent resource for academics and practitioners interested in the strategy formation process, despite its somewhat incomplete treatment of ethics and values. Mintzberg's design school model at least includes these considerations, which is an explicit recognition of the excellent work of scholars such as Andrews, Freeman, and Gilbert. The fall of strategic planning and its recasting as a more flexible process provide further opportunities to explore the possible roles and potential benefits of strategy formation.

### References

- Ansoff, H. I. (1965). *Corporate strategy: An analytic approach to business policy for growth and expansion*. New York: McGraw-Hill.  
 Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.

*Exploring Complex Organizations: A Cultural Perspective* by Barbara Czarniawska-Joerges. Newbury Park, CA: Sage, 1992. 250 pages, \$42.00, cloth [ISBN: 0-8039-4454-3], \$19.94; paper [ISBN: 0-8039-4455-1].

Reviewed by *Christa Walck*, Michigan Technological University.

Czarniawska-Joerges sets her sights on large and complex organizations because they are "the central element of our culture" (p. 2). Since we spend considerable parts of our lives acting within and being acted upon by complex organizations, we must make sense of them if we are to make sense of our lives. Complex organizations are difficult to comprehend. As a result, researchers have tended to look at the parts of organizations, rather than the whole. Czarniawska-Joerges attributes this failure to comprehend the whole to a shortage of methods. This book chronicles her intellectual journey in search of a method that is up to the task of comprehending complex organizations.

To know a good method when she finds it, Czarniawska-Joerges needs a working definition of organization. She settles on "nets of collective action" which are undertaken to shape the world and human lives; these actions contain "meanings and things (artifacts)" (p. 32). This definition leads her to conclude that anthropology offers the most promising method. Anthropology's emphasis on holism and ethnography allows us to discern the nets and explore the meanings that actors construct in the act of producing things. Since relatively few organization theorists use anthropological methods, and relatively few anthropologists study complex organizations, Czarniawska-Joerges suggests a marriage of the important topic of organization theory to the promising method of anthropology, in the form of "anthropologically-inspired organization theory" (p. 4).